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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 27, 2001

APPLICATION OF

R.T.O. COMMUNICATIONS, L.L.C.
d/b/a BEST-WAY PHONES,
BEST-WAY COMMUNICATIONS,
BEST-WAY RENT TO OWN,
and
BEST-WAY SALES

CASE NO. PUC010167

For a certificate of public
convenience and necessity to
provide local exchange
telecommunications
services

FINAL ORDER

On August 30, 2001, R.T.O. Communications, L.L.C. d/b/a BEST-WAY Phones, BEST-WAY Communications, BEST-WAY Rent to Own, and BEST-WAY Sales ("R.T.O." or the "Company"), completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia. The Company proposes to offer a prepaid month-by-month local exchange telephone service to business and residential subscribers.

In order to provide this prepaid service, R.T.O. requests waivers of Rule C 5 and certain provisions of Rule C 1 of the Rules Governing the Offering of Competitive Local Exchange

Telephone Service, 20 VAC 5-400-180 ("Local Rules"), requiring a new entrant, either directly or through arrangements with others, to provide access to directory assistance, access to operator services, equal access to interLATA long distance carriers, and access to intraLATA service to all local exchange customers. The Applicant further requests a waiver of Rule D 3 c of the Local Rules, limiting the proposed rate for service provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas.

By Order dated September 20, 2001, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On October 18, 2001, R.T.O. filed proof of publication and proof of service as required by the September 20, 2001, Order. No comments or requests for hearing were filed.

On November 2, 2001, the Staff filed its Report finding that the Company's application was, overall, acceptable and in compliance with the Local Rules. Based upon its review of the Company's application, the Staff did not object to R.T.O.'s request for waivers from specific requirements of the Local Rules for its monthly prepaid local exchange telecommunications

service offering or its request for a certificate to provide local exchange telecommunications services subject to certain conditions. These conditions follow:

(1) Regarding R.T.O.'s prepaid month-by-month local exchange telecommunications service offering, the Company should not be allowed to collect customer deposits under any circumstances.

(2) R.T.O. should provide its audited financial statements to the Commission's Division of Economics and Finance no later than one year from the effective date of its initial tariff.

(3) Regarding R.T.O.'s prepaid month-by-month local exchange telecommunications service offering, the Company should provide full disclosure to consumers about the services and features R.T.O. will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange telecommunications service. Sales brochures and other marketing and advertising materials must prominently disclose that customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services.

(4) Any waivers of Local Rules § C 1 d, access to directory assistance; § C 1 e, access to operator services; § C 1 f, equal access to interLATA long distance carriers; § C 5, intraLATA access requirements; and § D 3 c, price

ceilings, granted to R.T.O. for its prepaid month-by-month local exchange telecommunications service described in the Company's filing should be limited solely to that service offering.

(5) Any waivers granted to R.T.O. for its prepaid month-by-month local exchange telecommunications service should be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest.

(6) Any subsequent increase in the rate for R.T.O.'s prepaid month-by-month local exchange telecommunications service should be subject to 30 days' notice to the Commission and notice to customers provided through billing inserts or publication for two consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company.

(7) If at any time R.T.O. begins to offer non-prepaid (standard) local exchange telecommunications services and the Company collects customer deposits for such services, the Company should establish and maintain an escrow account for such funds, held in a Virginia office of a duly chartered state or national bank, savings and loan association or savings bank, or credit union, that is unaffiliated with R.T.O., and should notify the Division of Economics and Finance of the escrow

arrangement and any subsequent change. Any escrow arrangement established pursuant to this requirement should be maintained until the Staff or Commission determines that it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services with the conditions recommended by the Staff.

Accordingly, IT IS ORDERED THAT:

(1) R.T.O. is hereby granted a certificate of public convenience and necessity, No. T-573, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Offering of Competitive Local Exchange Telephone Service, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Local Rules § C 1 d, § C 1 e, § C 1 f, § C 5, and § D 3 c are waived solely for R.T.O.'s prepaid month-by-month local exchange telecommunications service described in the application, and the Local Rules shall otherwise apply to all local exchange telecommunications services provided by R.T.O.

(3) The waivers granted to R.T.O for its prepaid month-by-month local exchange telecommunications service in ordering paragraph (2) of this Order shall be subject to revocation, alteration, or the imposition of additional conditions, such as

pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest.

(4) Regarding R.T.O.'s prepaid month-by-month local exchange telecommunications service offering, the Company shall not be allowed to collect customer deposits under any circumstances.

(5) R.T.O. shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations from which the Company has not been granted waivers.

(6) Regarding R.T.O.'s prepaid month-by-month local exchange telecommunications service offering, the Company shall provide full disclosure to customers about the services and features R.T.O. will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange telecommunications service. Sales brochures and other marketing and advertising materials must prominently disclose that customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services.

(7) R.T.O. shall provide its audited financial statements to the Division of Economics and Finance no later than one (1) year from the effective date of the Company's initial tariff.

(8) Any subsequent increase in the rate for R.T.O.'s prepaid month-by-month local exchange telecommunications service shall be subject to thirty (30) days' notice to the Commission and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company.

(9) If at any time R.T.O. begins to offer non-prepaid (standard) local exchange telecommunications services and the Company collects customer deposits for such services, the Company shall establish and maintain an escrow account for such funds, held in a Virginia office of a duly chartered state or national bank, savings and loan association or savings bank, or credit union, that is unaffiliated with R.T.O., and shall notify the Division of Economics and Finance of the escrow arrangement and any subsequent change. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary.

(10) There being nothing further to come before the Commission, this case shall remain open to evaluate R.T.O.'s prepaid, month-by-month local exchange telecommunications service.